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From: "Gordon, David L. (ENRD)" <DGordon@ENRD.USDOJ.GOV>
To: "O'Grady, Dennis" <DOGrady@RIKER.com>, <cwills@ispcorp.com>,
Cc: "Shawley, Dianne (ENRD)" <DShawley@ENRD.USDOJ.GOV>, Frank Cardiello/R2/USEPA/US@EPA, <Amy.Horner@sol.doi.gov>,
"M.E. Rolle" <MaryElliott.Rolle@noaa.gov>
Date: 01/15/2009 05:16 PM
Subject: FW: G-I bankruptcy and Linden Sites

Dennis,

I have now confirmed that EPA, DOI, and NOAA all conceptually agree to the framework for a settlement we discussed whereby ISP will assume liability for G-I for the Linden Sites and Diamond Alkali Site. I have copied below an e-mail from EPA counsel, Frank Cardiello, which highlights elements to the deal important to EPA. It is particularly important to the United States that we verify the financial viability of ISP, and accordingly we look forward to receiving related documentation from you. We can discuss point 5.

We look forward to receiving the language you drafted.

David

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-----Original Message-----
From: Cardiello.Frank@epamail.epa.gov
[mailto:Cardiello.Frank@epamail.epa.gov]
Sent: Wednesday, January 14, 2009 3:45 PM
To: Gordon, David L. (ENRD); Shawley, Dianne (ENRD)
Cc: Rooney.James@epamail.epa.gov
Subject: G-I bankruptcy and Linden Sites

David and Diane After speaking with my management here, we have come up with the following points that we would like to see in any settlement with the G-I/ISP entities. We believe these points largely mirror your email to the debtor's counsel, with a little more detail. Please let us know what you think.

Possible Elements of a Deal

ORC-EPA Region 2 would consider recommending to the Superfund Program Office in Region 2 an arrangement which would resolve the claims filed by DOJ on behalf of EPA in the G-I Holdings (G-I) bankruptcy action if ISP stipulates to the following:

1. ISP assumes any and all liability GAF has or may have for response costs incurred (and to be incurred) by the US (including EPA) relating to the GAF site and the LCP site.
2. ISP assumes any and all liability G-I has for response costs incurred (and to be incurred) by the US (including EPA) relating to the GAF site and the LCP site.
3. ISP agrees that the stipulations in 1 and 2 above, will be absolutely binding upon ISP in any future litigation where the US may be seeking response costs from ISP for either site. ISP further agrees not to assert as a claim, defense or otherwise that ISP is not liable for any and all liability GAF and/or G-I may have at either the GAF site or the LCP site in any action filed by the US against ISP (or any successor to ISP) seeking recovery of costs incurred by the US at either the LCP site and/or the GAF site.
4. Obviously, the US reserves all claims it may have against ISP for response costs which are based upon the actions of ISP, per se, at either site (separate and apart from any derivative liability of ISP as the alleged successor (or guarantor) of GAF or G-I.

5. Before the US agrees to release G-I for the US claims in the G-I bankruptcy action, ISP will provide financial assurance (FA) which is acceptable to EPA to ensure that at least \$ million will be available for implementing future remedial action(s) at the LCP site. The FA must be in a form that will survive any future dissolution or bankruptcy of LCP and will continue to exist regardless of the future viability (or lack thereof) or existence of ISP.

Definitions needed:

Define GAF site

Define LCP site

Define who ISP is.- what specific corporation(s)

Define who GAF Corporation is.- e.g., saying it is the same corporate entity which owned the GAF site from - to - and the LCP site from - to - and operated at each of these sites at various times prior to -.

Please give me a call and we can discuss the points above. In my absence you can speak to my supervisor, Jim Rooney, who is familiar with this matter. Frank